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March 16, 2006

Via electronic mail

Ms. Marlene H. Dortch
Secretary to the
Federal Communications Commission
Washington, D.C. 20554

Re: *Ex Parte* Communication
CC Docket Nos. 96-45, 98-171, 90-571, 92-237,
99-200, 95-116 and 98-170

Dear Ms. Dortch:

Today, on behalf of the ATX Group, Inc. (ATX), Gary Wallace, Vice President for Corporate Relations for ATX, and I met with Ms. Narda Jones, Mr. Gregory Guice and Mr. James Lande of the Telecommunications Access Policy Division of the Wireline Competition Bureau. The purpose of the meeting was to relate ATX's view on proposals to revise the assessment method supporting the Universal Service Fund (USF).

We related the core attributes of ATX's automotive telematics and the Original Equipment Manufacturers (OEM) it serves. A vehicle occupant is able to communicate with a call center to request assistance. Additionally, upon deployment of a vehicle's airbag, a signal is transmitted to the call center, which will respond to the automatic crash notification (ACN). Whether by call or ACN signal, the transmission is only to the call center. Similarly, only the call center may place a call to the vehicle. The technology uses the cellular network, with GPS location capability and each activated vehicle is assigned one telephone number. The average number of calls per year from each vehicle is less than 2 and the average annual use per subscriber amounts to less than 15 minutes.

We presented a hypothetical 300,000 telematics equipped vehicle fleet using 700,000-1,000,000 minutes per month, at an average cost per minute of \$.10. The total monthly USF assessment under the current structure would be less than \$10,000. This compares to a model of \$1.00 per month per telephone number where the assessment will be \$300,000 per month.

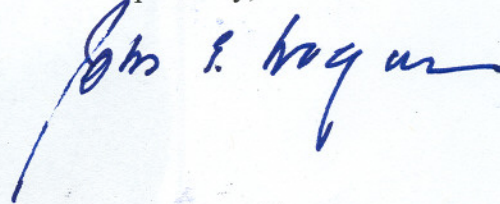
We stated ATX's view that this wide divergence indicates that a \$1.00 per month assessment on telematics vehicles -- essentially a fee that is almost equal to the cost of service (wireless airtime) used -- would depart from the standard of the law requiring the USF assessment be equitable and non discriminatory. We also related that the law requires the assessment structure recognize the level of use; where a wide disparity exists

between users, each cannot be assessed the same fee. A phone number assessment structure does not comprehend that while automotive telematics is assigned a large number of phone numbers, the extent and frequency of use of the network is extremely confined.

We ended our discussion by relating how costs of digital telematics service are set in multi-year agreements that ATX enters into with automobile Original Equipment Manufacturers and that we would provide additional information. Service is provided to subscribers as a pre-paid packaged price (either on an annual or multi-year basis) or on a first-year, free basis depending on the OEM program. (One OEM customer offers a four-year pre-paid package as part of the purchase price of the vehicle). Adding a USF fee would thus require separate billing of each current subscriber for \$12 a year specifically for the USF fee or completely revamping service packages. Adding to the complication is that subscribers located in states where the company operates call centers, thus involving an intra-state call and not included in the USF assessment, would be exempted from the fee unless they travel out of state. This would add a level of cost that makes recouping the fee infeasible. Beyond these significant challenges, we reiterate our fundamental that the new assessment virtually equals the cost of the service.

The increased fee also provides a disincentive to transition telematics beyond the premium model level into the more price-sensitive mass market vehicle platforms. As envisioned, that market may likely be served with a low cost (e.g. \$99 yr.) that entails only automatic collision notification service in which airtime is used only in the event of a collision. Under the proposed USF numbers plan, consumers opting for a \$99 plan would be saddled with an additional 12% fee for a service that is likely never to result in an interstate call. The growth of the industry will be stunted as the impact of a regulatory decision will quickly evolve into a profound market decision for OEMs. The important public safety contribution telematics equipped vehicles make will be lost, thereby diminishing rather than pursuing the stated objective of the Commission and the federal Department of Transportation to provide ubiquitous location-based emergency call response across the nation. We urged the Commission staff to consider USF assessment models reflecting the current contribution levels.

Respectfully,

A handwritten signature in blue ink, appearing to read "John F. Hogan", with a long horizontal line extending from the end of the signature.

Copy Provided to:

Ms. Narda Jones
Mr. Greg Guice
Mr. James Lande